CA1
FN
-28 Q73

GOVT

da. Aud. Board of
(10)

uebec Harbour Commissioners

REPORT ON INVESTIGATION

JANUARY 16

1928

THE BOARD OF AUDIT

Board of Audit Act,

1925

LIBRARY
OCT 9 1928
UNIVERSITY OF TORONTO

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1928

5—1928] *Price, 10 cents*

Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

https://archive.org/details/quebecharbourcom00cana

CA1
FN
-28Q73

Canada. Audit, Board of

(10)

Quebec Harbour Commissioners

REPORT ON INVESTIGATION

JANUARY 16

1928

THE BOARD OF AUDIT

Board of Audit Act,

1925

LIBRARY
OCT 9 1928
UNIVERSITY OF TORONTO

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1928

[No. 215—1928] *Price, 10 cents*

CA1 FN
-28Q73

Quebec Harbour Commissioners

REPORT ON INVESTIGATION

JANUARY 16

1928

THE BOARD OF AUDIT
Board of Audit Act,
1925

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1928

BOARD OF AUDIT, OTTAWA

The Hon. J. A. Robb,
Minister of Finance,
Ottawa, Ont.

January 16, 1928.

Sir,—The Honourable the Treasury Board, at a meeting held in Ottawa on the 24th day of March, 1927, directed the Board of Audit to inquire into and report upon the following matters:—

(*a*) The financial affairs of the Quebec Harbour Commissioners;

(*b*) In accordance with subsection 2 of section 4 of the Board of Audit Act, 1925, make such recommendation as the board may consider necessary or useful for the more efficient administration or control of the workings and affairs of the commissioners.

The Board of Audit, in pursuance of the foregoing instructions, have the honour to submit the following report after having investigated the affairs of the Quebec Harbour Commissioners for the period of three years ended December 31, 1926.

Financial Position December 31, 1926

The indebtedness of the Quebec Harbour Commissioners at this date may be summarized as follows:—

To the Dominion Government—		
Debentures and advances dated prior to 1911		$ 4,154,195 68
Loans under Quebec Harbour Advance Acts 1913, 1914, 1917 and 1922		8,500,000 00
Vote 454, P.C. 1430, 1924		493,323 01
Loan—Quebec Harbour Advance Act, 1925		877,800 00
		$14,025,318 69
Unpaid interest on the foregoing loans, etc., calculated to December 31, 1926		8,830,992 52
Brought forward		$22,856,311 21
To the Public—		
Bonds outstanding		$ 1,150,000 00
Bank overdrafts and miscellaneous liabilities		747,513 57
		$24,753,824 78
From this amount may be deducted current and miscellaneous assets amounting to		207,411 97
Resulting in a net debt of		$24,546,412 81
Represented by—		
Monies expended developing the harbour at Quebec	$15,005,307 51	
Accumulated deficits on operations excluding interest on loans, etc., from the Dominion Government	710,112 78	
Interest on Government loans, etc., to December 31, 1926	8,830,992 52	
		$24,546,412 81

The Quebec Harbour Commissioners have claims on their books at December 31, 1926, against various departments of the Dominion Government as follows:—

Department of Public Works	$ 705,209 04
" " Interior	351,437 32
" " Immigration and Colonization	249,362 00
" " Intercolonial Railway	2,637 00
Commissioners of National Transcontinental Railway	2,253 96
Department of Naval Service	1,475 00
" " Marine and Fisheries	314 25
" " Militia and Defence	38 75
	$ 1,312,727 32
In addition, the commissioners claim a further amount from the Department of Immigration and Colonization of	2,299,973 00
Interest on the foregoing claims to December 31, 1926, amounts to	3,596,667 68
Grand total claimed	$ 7,209,368 00

We understand these claims have been laid before you in detail on many occasions; it is therefore unnecessary for us to discuss these matters in this report, or to express any opinion upon their admissibility unless specially requested. We would point out, however, that the net debt, set forth above, is subject to reduction by such amount as may at any time be allowed on the claims above enumerated.

Results from Operations 1924-1926 inclusive

The published reports of the Quebec Harbour Commissioners for the years ended December 31, 1924, 1925 and 1926 give the following information:—

	1924	1925	1926
Gross earnings	$568,627 77	$568,533 25	$678,882 06
Gross expenses	397,078 18	484,670 36	595,272 89
Surplus	$171,549 59	$ 83,862 89	$ 83,609 17
From which should be deducted overcharges to capital accounts, claims against governmental departments, etc.	280,836 52	187,312 88	211,787 64
Deficit before interest on Government advances	$109,286 93	$103,449 99	$128,178 47
Add annual interest due the Dominion Government	460,743 45	489,802 20	494,741 17
Deficit before charging depreciation	$570,030 38	$593,252 19	$622,919 64

Assuming that the claims against various Governmental departments can be fairly considered as earnings, the results portrayed above would be affected as follows:—

	1924	1925	1926
Annual deficit (as shown above)	$570,030 38	$593,252 19	$622,919 64
Less claims against Governmental departments	116,981 00	97,306 00	113,785 00
Annual deficits before charging depreciation	$453,049 38	$495,946 19	$509,134 64
If interest on the claims against the Government be considered as earnings; the above deficits would be reduced by	138,894 00	144,743 05	149,608 35
Annual deficits before charging depreciation	$314,155 38	$351,203 14	$359,526 29

Examination of the published reports clearly shows the expenses to have increased steadily and out of proportion to the earnings during the three years; this fact is set out in the following percentages:—

	1924 Per Cent	1925 Per Cent	1926 Per Cent
Gross earnings	100	100	100
Gross expenses	69.83	85.25	87.68

The accounts examined by us provided no explanation for these variations, due largely to the suspension some years ago of cost accounts.

The figures submitted above clearly demonstrate that, even allowing for a reasonable increase in traffic at the port of Quebec, the gross earnings will not be sufficient in any year to pay the operating expenses and interest on Government loans; and as no provision has been made for depreciation, it may be forecasted that the annual cost of repairs and renewals will increase considerably in the future.

It will be noticed that the annual deficit for the three years, excluding claims against departments of the Government and interest thereon—neither of which have been paid by any of the departments—but including interest on Government allowances, averaged $600,000.

Recommendations

Resulting from our examination, we would suggest that consideration be given to the claims of the commissioners against the Dominion Government in order that such changes may be made in the books of the commissioners as may be necessary to reflect the correct financial position of the Quebec Harbour Commissioners.

The scope of this investigation has not permitted us to formulate any practical suggestion for the improvement of the financial control over the affairs at this port, but we would suggest that the question of consolidating the management of all contiguous ports receive your consideration.

Respectfully submitted,

BOARD OF AUDIT,
(Gordon W. Scott),
Chairman.

(L. E. Potvin),
(E. J. Howson),
Members.

3 1761 11467595 2